

### Fiscal Estimate - 2023 Session

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> 23-0239/1		<b>Introduction Number</b> AB-0509	
<b>Description</b> prevailing wage, granting rule-making authority, and providing a penalty			
<b>Fiscal Effect</b>			
<b>State:</b>			
<input type="checkbox"/> No State Fiscal Effect			
<input checked="" type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<input type="checkbox"/> Decrease Costs			
<b>Local:</b>			
<input type="checkbox"/> No Local Government Costs			
<input checked="" type="checkbox"/> Indeterminate			
5. Types of Local Government Units Affected			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
		<input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities	
		<input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others	
		<input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
<b>Fund Sources Affected</b>			
<input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
<b>Affected Ch. 20 Appropriations</b> 20.445(1)(a), 20.445(1)(o)			
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
DWD/ Erin Blair (608) 405-4657		Jennifer Sereno (608) 267-9692	
		<b>Date</b>	
		12/20/2023	

## Fiscal Estimate Narratives

DWD 12/20/2023

LRB Number	23-0239/1	Introduction Number	AB-0509	Estimate Type	Original
<b>Description</b> prevailing wage, granting rule-making authority, and providing a penalty					

### Assumptions Used in Arriving at Fiscal Estimate

This bill requires the Department of Workforce Development (DWD) to administer prevailing wage regulations for laborers, workers, mechanics, and truck drivers employed on the site of certain public works or highway projects.

Under the bill, DWD determines prevailing wage rates for each trade in each area annually and provides prevailing wage and hours of labor information as well as requirements to entities subject to the bill for their use to request and submit bids for contracts. Additionally, when requested, DWD will investigate to confirm if those established prevailing wages and hours of labor requirements were met. Investigations can include requesting payroll records from laborer, worker, mechanic, and truck driver contractors or sub-contractors, and as warranted, assessing penalties.

The bill does not provide funding or position authority for the department to implement these requirements and provide ongoing oversight.

The estimated impact of this bill would be \$910,000 in one-time costs for the development of a data collection and tracking system, \$588,600 in ongoing annual expenditures to administer the requirements under this bill, and an indeterminate decrease to federal revenues, because the department is unable to absorb these costs within its current base-level GPR operating budget.

To estimate this bill's fiscal impact, DWD considered both previous department experience overseeing prevailing wage requirements and current department operations for comparable activities and efforts. The department anticipates that ongoing staff duties and activities needed to provide prevailing wage oversight would be similar to those in place prior to the enactment of 2017 Wisconsin Act 59. Additionally, the department estimates new IT systems costs because the IT system previously used for prevailing wage oversight is now technologically obsolete.

Two equal rights officers, one office operations associate, and one DWD manager previously provided oversight of the prevailing wage rules and regulations. Assuming that the workload is equal to these staff levels, the department estimates ongoing staff costs to be \$438,600 annually for salary, fringe, supplies, and services.

Because the bill does not provide increased funding or position authority, and because the department's GPR funding is fully subscribed, for this estimate, DWD assumes that the new General Purpose Revenue (GPR) budget for ERD will be re-allocated to meet the new annual work demands.

Implementing resource allocations to address the additional workload is anticipated to increase the average time needed to complete case resolutions, resulting in a reduction to ERD's annual completed caseload counts that generate federal revenues of \$830 per completed case from the Equal Employment Opportunities Commission (EEOC) reimbursement contract. These revenues are received in appropriation s. 20.445(1)(o). The department is unable to estimate the bill's impact to EEOC federal revenue at this time, but the reduction is anticipated to be material.

Under this bill, the department estimates one-time costs of \$910,000 to develop and implement a prevailing wage data collection and tracking IT system, which would include a case management functionality and a web portal. This estimate is based on recent experience developing a consumer-entry web-based portal to collect data for a program with comparable functionality.

The department estimates ongoing IT licensing and maintenance costs of approximately \$150,000 annually. The total annual ongoing GPR costs for DWD's prevailing wage administrative requirements are estimated at \$588,600 (\$438,600 for staffing and \$150,000 for IT costs).

The bill's fiscal impact to local governments and affected state agencies is indeterminate at this time. This bill establishes requirements for certain local governments and state agencies to obtain prevailing wage requirements related to their bid letting and contracting processes; however, the department is unable to estimate the specific workload impact for affected local government and state agencies involved in bidding processes and contracting for public works and highway projects.

### **Long-Range Fiscal Implications**